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Message Text

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ACTION ARA-14

INFO OCT-01 NEA-11 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-02 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-20 OES-07
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /151 W
----------013670 220149Z /62
R 211835Z JUN 78
FM AMEMBASSY NASSAU
TO SECSTATE WASHDC 1186
INFO AMEMBASSY TRIPOLI

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E.O. 11652: N/A
TAGS: ERNG, ECON, BF, US, LY
SUBJ: (LIBYAN) NATIONAL OIL COMPANY (NOC) DEBT DISPUTE WITH
GRAND BAHAMA PETROLEUM COMPANY (PETCO)

REF: NASSAU 1125

1. NASSAU GUARDIAN JUNE 21 REPORTS SIX-WEEK LONG HEARINGS CONCERNING OIL DEBTS BETWEEN PETCO AND NOC WILL DRAW TO CLOSE THIS WEEKEND (REFTEL).

2. GUARDIAN ALSO REPORTS THAT IN NEW YORK, A SIMILAR ACTION BETWEEN THE PARENT COMPANY OF PETCO, THE NEW ENGLAND PETROLEUM COMPANY (NEPCO), AGAINST NOC WAS THROWN OUT OF COURT BY A FEDERAL JUDGE ON JUNE 19. THAT SUIT, AMOUNTING TO DOLS 1.5 MILLION BY NEPCO AGAINST NOC WAS FOR ALLEGED BREACH OF SEVERAL AGREEMENTS TO SUPPLY THE COMPANY WITH OIL. JUDGE KEVIN THOMAS DUFFY WAS QUOTED IN THE WALL STREET JOURNAL TO HAVE BASED HIS DISMISSAL ON LACK OF JURISDICTION BECAUSE THE DEFENDANTS ARE "PROTECTED BY SOVEREIGN IMMUNITY." THIS SUIT WAS REPORTEDLY FILED ON APRIL 27, 1977 BY NEPCO AND ITS HEAD, EDWARD C. CAREY, BROTHER OF NEW YORK GOVERNOR HUGH L. CAREY, SEEKING TO RECOVER DAMAGES FOR BREACH OF A 1973 CONTRACT TO
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SUPPLY OIL TO NEPCO THROUGH TWO BAHAMIAN SUBSIDIARIES, PETCO AND ITS SISTER COMPANY, OPCO (OVERSEAS PETROLEUM COMPANY). NEPCO WAS ALSO SUING FOR ALLEGED EXCESS CHARGES PAID UNDER CONTRACTS SIGNED LATER UNDER DURESS AFTER LIBYA NATIONALIZED ITS OIL. IN DISMISSING THE SUIT, THE WALL STREET JOURNAL FURTHER REPORTEDLY QUOTES JUDGE DUFFY AS SAYING, "THERE IS ROOM FOR SUBSTANTIAL DOUBT WHETHER IN FACT LIBYA ITSELF WAS INVOLVED

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IN VIOLATIONS OF THE OLD CONTRACTS OR THEIR NEW ONES.
EVEN ASSUMING THE ALLEGATIONS WERE TRUE, LIBYA AND ITS
NATIONAL OIL CORP. ARE IMMUNE TO THE SUIT." GUARDIAN NOTES
THAT PETCO IS MAKING ALMOST IDENTICAL CLAIMS AGAINST NOC IN
THE SUPREME COURT OF THE BAHAMAS.

3. EMBASSY COMMENT: JUSTICE HARVEY DA COSTA IS EXPECTED TO
RENDER DECISION IN CURRENT PROCEEDING WITHIN ONE MONTH FOLLOW-
ING END OF CONCLUDING ARGUMENTS.
TAYLOR

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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
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